

Message Text

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PAGE 01 MONTRE 00901 032131Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
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FM AMCONSUL MONTREAL
TO SECSTATE WASHDC 9036
INFO AMEMBASSY OTTAWA
AMCONSUL QUEBEC
AMCONSUL TORONTO

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E. O. 11652: N/A
TAGS: EFIN, ECON, CA
SUBJ: QUEBEC BONDS KEEP DOUBLE A RATING

1. STANDARD AND POOR'S HAS ANNOUNCED THAT IT WILL MAINTAIN ITS DOUBLE A RATING ON PROVINCE OF QUEBEC BONDS. PRESS REPORTS INDICATE THAT IN REACHING DECISION TO MAINTAIN DOUBLE A RATING, STANDARD AND POOR'S CONCLUDED IT IS UNLIKELY THAT QUEBEC WILL SEPARATE FROM CANADA, AS BASIC CONCERN OF QUEBEC FRANCOPHONES FOR ECONOMIC WELL-BEING SHOULD PRECLUDE ANY RASH POLITICAL ACTION THAT COULD HURT INVESTORS. RATING REPORT STATES THAT RISK TO BOND HOLDERS BECAUSE OF INDEPENDENCE ISSUE HAS BEEN GREATLY EXAGGERATED.

2. QUEBEC FINANCE MINISTER JACQUE PARIZEAU SAW STANDARD AND POOR'S REPORT AS AN INDICATION OF CONFIDENCE IN PQ GOVERNMENT'S FINANCIAL MANAGEMENT. IGNORING STANDARD & POOR'S APPARENT CONCLUSION THAT SEPARATION IS UNLIKELY, PARIZEAU ADDED THAT MAINTENANCE OF DOUBLE A RATING PROVIDED CLEAR INDICATION THAT IT IS POSSIBLE TO PURSUE POLITICAL GOAL AS PLAIN AS POLITICAL INDEPENDENCE OF QUEBEC WHILE AT SAME TIME ASSURING HEALTHY AND
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RESPONSIBLE MANAGEMENT OF QUEBEC'S PUBLIC AFFAIRS.

3. COMMENT: STANDARD AND POOR'S REPORT IS FIRST STUDY OF WHICH WE ARE AWARE BY FINANCIAL INSTITUTION TO ADDRESS DIRECTLY ISSUE OF SEPARATION. WHILE WE HAVE NOT YET SEEN REPORT, WHICH WILL BE PUBLISHED NEXT WEEK, STANDARD AND POORE'S OFFICIAL WHO WAS RESPONSIBLE FOR STUDY SAID CONCLUSIONS WERE BASED ON IN DEPTH

FINANCIAL AND ECONOMIC STUDIES, NUMBER OF PERSONAL INTERVIEWS
THROUGHOUT CANADA, AS WELL AS CONSIDERATION OF POLLING RESULTS
AND IMPLICATIONS OF HISTORICAL TRENDS.
HARPER

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Message Attributes

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Sent Date: 03-Jun-1977 12:00:00 am
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
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Disposition Reason:
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